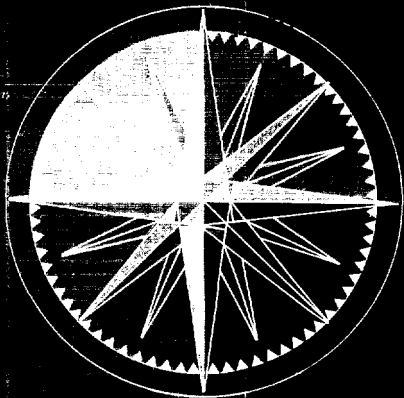


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# SPECIAL REPORT

THE CHINA PROBLEM IN JAPANESE POLITICS

CENTRAL INTELLIGENCE AGENCY  
OFFICE OF CURRENT INTELLIGENCE

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1 May 1964

## THE CHINA PROBLEM IN JAPANESE POLITICS

The problem of "China Policy" has come to the forefront of Japanese politics. Pressures have mounted for a rapprochement with the Chinese Communists, and relations with Taiwan have become squally. Japanese public opinion generally favors closer relations with the mainland, but it is divided over how quickly the government should move and over what price should be paid in terms of relations with the US and Taiwan. Each major party is split internally over the China question, and Prime Minister Ikeda's principal rivals within his own party are seeking to use this issue in their efforts to overthrow him.

### Historical Ties With Mainland

The ties that link Japan to China are so deeply rooted in history that the great majority of Japanese are inclined to view Communist control of the mainland as merely another temporary phase of Chinese political development, not a matter of fundamental importance to Japan's relationship with China.

This relationship arises from geographic proximity and from a sense of the cultural endowment brought from China to Japan. China's legacy includes art, religion, ethics, and literature, not to mention the basis of the writing system--in short, the foundations of Japanese culture. In some influential Japanese minds Japan's cultural indebtedness to China is reinforced by a sense of guilt over Japan's aggressions against China in the past three quarters of a century.

The Japanese historically have never feared their giant

neighbor, and even today there seems to be no concern about a militant China. The Russians, who have inched and probed southward over the past 200 years, are seen as the great continental threat to Japan. The Japanese feel confident, moreover, that they alone can understand and handle the Chinese, while the West--including Russia--cannot. Today, as Japan resumes a pivotal role in the Far East, Japanese political leaders are eager to point out that Japan can be a bridge linking China and the West.

Trade, however, is China's most immediate real attraction for present-day Japan. The Japanese long for the pre-World War II market and for the raw materials on the mainland, and, with a trader's eye for future opportunities, are anxious lest Western commercial rivals beat them to China's door. Furthermore, the Japanese may fear that, unless good working relations are established now, they may have to pay a high reparations bill to

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get into the mainland market.

Japan's trade with China has grown rapidly since late 1962, when a prominent member of the ruling Liberal Democratic Party (LDP) signed a five-year trade agreement in Peiping. It increased more than 60 percent in 1963, and is expected to go up at least another 40 percent this year to a level well above the previous postwar high of \$150 million in 1956.

However, the fact that Japan's trade with the free world now is far more important than the China trade induces great caution, especially with regard to "political" relations. Soberer Japanese anticipate that the latter will develop in the course of time, and that there is no gain in antagonizing the US unnecessarily by rushing into Peiping's arms now. But developments such as the limited nuclear test ban and US grain sales, together with French recognition of Peiping, have led the Japanese to believe that a Western detente with the USSR may be in the offing, and therefore have encouraged them to move ahead, toward closer ties with mainland China.

Moreover, certain difficulties over trade and financial relations with the US which developed in mid-1963 have been used by proponents of broader relations with Peiping to argue that Japan must reduce its dependence on the US and seek al-

ternative policies which may open up opportunities for maintaining Japan's rapid growth.

#### Where the Parties Stand

Ikeda's Liberal Democratic government has carefully refrained from committing itself formally to anything beyond a vague "forward-leaning" posture toward Communist China. The prime minister gives the impression of seeing that the future is on the mainland, but he also takes a line of expressing gratitude for Chiang Kai-shek's treatment of Japan and the Japanese at the time of the 1945 surrender. One major factor restraining Ikeda from leaning forward too rapidly is the tacit but general recognition of the importance of relations with the US, particularly for trade and finance.

Another factor, usually ignored in political speeches but brought out in the course of recent diplomatic difficulties, is Taiwan's influence not only on Japan's foreign relations, but on its trade and politics. Japan is bound politically to Nationalist China by the separate peace treaty they signed in 1952. There has been some friction between the two countries, largely due to Taipei's sensitivities in regard to Japanese flirtations with the mainland, but Japan has continued to support the Nationalists internationally and officials eschew talk of severing relations.

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These international commitments have been reinforced by commercial considerations. Japanese trade with Taiwan has exceeded that with the mainland by considerable amounts in recent years, although the difference now is diminishing and may well be reversed this year or next. For the moment, therefore, many Japanese businessmen seem to prefer the Nationalist bird in the hand to one in the mainland bush.

The Japan Communist Party of course espouses the Chinese Communist cause, and has been moving internally closer to Peiping, away from Moscow. The principal "respectable" opponent of Japan's present policy is the Japan Socialist Party (JSP), which demands the abrogation of the 1952 treaty with the Nationalists. Even in the JSP, however, there are rumors that the party's more moderate leaders are contemplating a switch to a "two-China" policy. The small Democratic Socialist Party has also forthrightly championed such a policy and is influencing a small but significant section of the intelligentsia.

There is little doubt that most Japanese would prefer some sort of two-China solution. However, because of the balance of domestic political forces and Japan's dependence on good will in the West, the present government leaders shrink from risking any diplomatic initiative in this direction. The formula for their policy, followed for sev-

eral years, has been "separation of politics and economics." This means allowing private trade by all interested parties--with the governmental coordination and sanction that Japanese regard as indispensable--but denying any formal, official color to such transactions. Ikeda's factional rivals in the LDP, with Taiwan's support, have forced the government to camouflage the fact that prominent LDP party members have played leading roles in missions to the mainland and to disown or suppress policy reports looking toward closer relations with the Chinese Communists.

Nevertheless the unspoken assumption of many supporters of the government's stand--and the central target of Nationalist suspicions--is that the development of informal relations will eventually ripen into a full-fledged rapprochement with Peiping. Despite the attitudes of Ikeda's LDP opponents, new steps toward Peiping are expected in the near future. Among them are the establishment--probably in June--of unofficial trade liaison offices in the two capitals, the exchange of journalists, the development of administrative arrangements for postal service, and the exchange of meteorological information. Air service--on an ad hoc basis--has been discussed, but temporarily vetoed.

#### The "China Lobbies"

The forces which on the one hand encourage and on the other

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hand oppose these moves are the competing so-called "China lobbies." Their relations with political developments are extremely complex, particularly where they become involved in the factional labyrinth of the LDP.

The "mainland" lobby runs the gamut from conservative politicians and businessmen to the most militant Marxists. This diverse lot seldom acts in unison, but its cumulative force is considerable. The contingent inside the governing LDP includes a number of men who have risen to cabinet rank in the past, even a former premier and a former deputy premier, and makes up perhaps as much as a third of the party. A group of LDP legislators has even joined with leftist deputies in a Union of Japanese Parliamentarians for Promotion of Trade with the Chinese Peoples' Republic. Big business representatives, a majority of whom formerly opposed any drift toward rapprochement with the mainland or were dubious of Ikeda's "forward leaning" policy have also begun to take a role in moves to promote accommodation with Peiping. In certain regions of Japan, especially in the western areas of Kansai and Kyushu, which are traditional centers for trade with China, interest is running high. The numerous intellectuals who support the Peiping lobby lend it an aura of righteousness and respectability.

The China issue thus cuts across traditional party and business lines, and it has even

begun to split that basic atom of Japanese politics, the faction built up out of personal loyalties. Until, recently, at least, differences on China policy within the LDP tended to follow the division between politicians and former bureaucrats that began with the US occupation of Japan, when the politicians were barred from office and the bureaucrats moved into the vacuum. Career politicians took the more liberal or permissive approach to closer relations with Peiping, while the bureaucrats, who make up the LDP right wing, took a more cautious and conservative position.


In the summer of 1963, just before he took the important step of allowing payment credits to the Chinese Communists, Ikeda sought to balance the "political" and "bureaucratic" wings of the party by reshuffling his cabinet. This judicious redistribution of portfolios served to limit the influence of the more powerful right-wing "bureaucrat" combination, which is led by Ikeda's chief rival, Eisaku Sato, and is backed by Sato's powerful brother, ex-premier Nobusuke Kishi. At the same time, Ikeda--with the help of Bamboku Ono, a veteran leader of the "political" wing with ties running to the far right--was able to keep that wing in line. The maneuver enabled Ikeda to continue to "lean forward" toward Peiping without being forced to go too far too fast.

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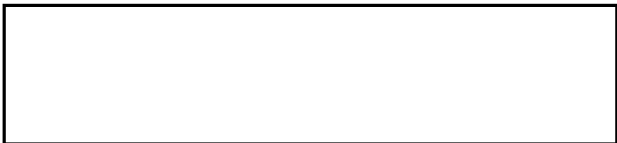
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Last November, however, general elections for the Diet drastically unsettled the factional balance within the LDP by considerably strengthening the followers of Construction Minister Ichiro Kono, the most "leftist" of the LDP's "politicals" and a strong proponent of trade with Communist countries.



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In the latter part of 1963, Ikeda himself tended to incline toward a more rapid pace in developing trade with Peiping. He has sensed that his forward leaning is popular; there has even been a rumor, which has done him no harm, that he wanted to go down in history as the prime minister who "normalized" relations with Communist China, just as Premier Hatoyama had for his settlement with the USSR and Yoshida for the San Francisco Peace Treaty. Kono's triumph at the polls has helped Ikeda in this respect, the more so since Sato, Kono's archrival has begun to work against Ikeda's probable bid for election next July for a third term as party president-- and the premiership that goes with it.



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Prospect

Unless other issues impinge, the government will probably stall off any further commitments on China policy until after the July LDP party elections. Moves by either the pro-Taiwan or the pro-mainland lobbies inside the government will be limited, and Ikeda should be able to continue his slow-motion acrobatics, straddling the issue but "leaning forward" at the same time.

In general, China policy appears to be polarizing Japanese politics all along the spectrum. The basic question as far as practical politics is concerned remains merely the manner and timing of the inevitable approach to Peiping and the degree of deference to be paid the US and Taiwan.

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